

**Dominion Energy South Carolina, Inc.'s**  
**Response to Late Filed Hearing Exhibit No. 13**

**I. Introduction**

Dominion Energy South Carolina, Inc. ("DESC") provides the following response to the proposal regarding a Competitive Procurement Action Plan for the enforced and accelerated procurement of 400 MW of solar capacity by DESC outside of this IRP process. The proposal was made by the South Carolina Solar Business Alliance ("SCSBA") in late Filed Hearing Exhibit No. 13. Adoption of the SCSBA's enforced procurement plan is inadvisable for several reasons.

**II. There Is No Need for Additional Capacity or Energy on DESC's System**

- a. There is presently no need on DESC's system for additional generation capacity, renewable or otherwise. That fact has been conclusively demonstrated in the load and resource data provided in the 2020 IRP.
- b. Over the past five years, the Company has added approximately 973 MW of solar capacity under PURPA and Act No. 236, of which 100 MW is being finalized. Generation resources are subject to the law of diminishing returns. As more and more of any specific type of generation resource is added to the system, its value to the system declines.
- c. Nothing in the planning or evaluation of DESC's current generation resources or customer demands has identified the need to acquire 400 MW of solar or solar plus storage generation (collectively "solar resources") or any other quantity of such generation in 2021. The fact that under certain planning scenarios, 400 MW of solar power might be envisioned in five years does not justify procuring 400 MW of solar now.
- d. The proposed 2021 procurement appears to have been arrived at based on considerations that have nothing to do with the actual needs of DESC's system or customers, and without consideration of anticipated or cost technological advances in renewable generation or other emerging technologies.

**III. There Is No Cost Benefit to Customers from the Enforced Procurement of Additional Solar Energy at This Time**

- a. The assertion that adding 400 MW of unneeded solar resources will reduce energy prices for customers is demonstrably false.
- b. If energy savings were available, then projects could be built under PURPA avoided cost rates regardless of any RFP.
- c. Instead, the cost of producing the next increment of power on DESC's system, *i.e.*, its avoided cost, is significantly below the cost of adding solar resources. That fact has been established by the Commission's decision in the recent avoided cost proceedings, which after extensive litigation resulted in an avoided cost of approximately \$30 per MWh. *See* Docket No. 2019-184-E. Even with the full increment of tax credits that are available today, adding 400 MW of new solar resources will not produce savings but will cost customers money.

**IV. The Structure of the Procurement Is Fundamentally Flawed**

- a. Only by manipulating avoided cost calculations to the detriment of customers could a procurement of solar resources be advanced as economically rational at this time.
- b. This is exactly what the SCSBA's proposal intends to do by requiring solar resources to be procured based on a circular design where solar resources compete only against solar resources.
- c. Specifically, the SCSBA's proposal would create a target price for the 400 MW procurement by modeling short-term solar resource plans only. DESC would be required to accept bids *for solar resources only* of up to 400 MW to the extent that the bids cleared the avoided cost modeled *for solar resources only*.
- d. This purely circular analysis stacks the deck in favor of a single, pre-selected resource. It never considers alternatives to solar resources or anticipated advances in renewable generation or other emerging technologies. For these reasons, the structure of the procurement cannot be shown to protect the interests of customers from unnecessarily high energy costs. This is inconsistent with the Merger Settlement Agreement with SCSBA, which specifies *all source* RFPs for resources greater than 75 MW.
- e. This stacked-deck design is the antithesis of what an IRP process is supposed to be: A fair and evenhanded evaluation of competing technologies and resources that ensures that customers get the fairest and best deal. The SCSBA's design does not consider the interest of customers.
- f. Preventing other generation resources from competing in the proposed procurement is a tacit admission that solar resources would be shown to be more expensive for customers than the alternatives if forced to compete against those alternatives in a fairly-administered RFP.
- g. A pro-customer procurement design would allow all resources to be bid into the RFP regardless of technology. An impartial evaluator could then value the attributes of the different resources proposed. If solar resources can in fact reduce costs to customers, then such an RFP design would show that to be the case. The proposed RFP design would not.
- h. Resources other than solar resources may provide benefits other than capacity and energy including ancillary services and locational and operational challenges.
- i. As a seasoned generation owner and operator, DESC has skills and resources to serve customers cost effectively that should not be arbitrarily excluded from any RFP. DESC also operates under more rigorous reliability and power quality standards than non-utility generators. If DESC's self-build costs or operational costs are lower than the alternatives, customers should be allowed to benefit from those lower costs.
- j. The proposed, accelerated timetable for the RFP skews the playing field in favor of those solar developers who are holding advantageous locations in the interconnection queue. Unless the process is structured to allow developers without

advantageous queue positions to participate without handicap, the structure will allow developers with those queue positions to exploit them for economically unjustifiable gains.

**V. The Proposal Increases Customer Costs by Limiting Future Options**

- a. The electric industry is changing rapidly. Technologies like storage, offshore wind and even modular nuclear generation are developing rapidly. Costs for new and renewable technologies are declining. DESC is exploring ways to capitalize on new technologies for the benefits of its customers and system.
- b. Locking DESC into a 400 MW purchase of unneeded solar resources today would lock customers into paying for today's renewable resources at today's prices and existing technologies. The opportunity to benefit from declining costs and expanding options in future procurement would be wasted for no reason.

**VI. The Proposal Is Beyond the Power of the Commission in an IRP Proceeding**

- a. The SCSBA acknowledges that ordering the forced procurement of 400 MW of unneeded solar generation is outside of the statutory scope of this IRP proceeding.
- b. The sole statutory authority granted by the General Assembly related to procurements is the authority "to open a generic docket for the purposes of creating programs for the competitive procurement of energy and capacity from renewable energy facilities by an electrical utility within the utility's balancing authority area if the commission determines such action to be in the public interest." S.C. Code Ann. § 58-41-20(E)(2). This provision would not allow the creation of a *specific* docket to require the *specific* procurement of a *specific* block of power as is proposed here. It is also clear that such action is to be in the public interest. Forcing higher rates on customers in such an RFP process is not in the public interest.

**VII. Conclusion**

The SCSBA's proposal regarding a Competitive Procurement Action Plan for the enforced and accelerated procurement of 400 MW of solar capacity by DESC has been shown to be unnecessary, costly, contrary to the short and long term interests of customers and beyond the statutory powers of the Commission. Any proposal such as this should be viewed in the context of preserving options to provide customer benefit long-term and not just the creation of developer benefit in the short-term. It should therefore be denied.